

FINELINE

A Division of Finance monthly communication service

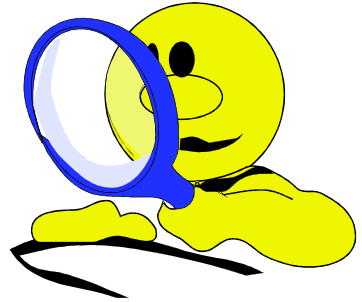
April 2004

Recovery Audit Will Look for Funds Due to the State

The Division of Finance has entered into a contract with Horn & Associates, Inc., to provide cost recovery audit services. The service is a comprehensive electronic review of accounts payable data to identify duplicate payments or overpayments made when paying invoices for supplies, services, capital projects, and other expenses.

Horn & Associates will use their proprietary “data-mining” software to “scrub” the State’s accounts payable data. If potential recoveries are found, the Division of Finance will notify the agency before any collection process begins.

The agency will confirm that the collection is appropriate. If the vendor is a current vendor, a credit memo will be recovered. If the State does not anticipate another payment to the vendor, cash will be recovered.



Contractor Will Collect Funds

After the agency has confirmed the debt, Horn & Associates will contact the vendor to collect the overpayment. Funds recovered will be returned to the agency less an 18% contingency fee charged by Horn. The Division of Finance will pay this contingency fee centrally from funds recovered. Payment of this fee will cover all of Horn’s expenses and will not be paid until funds are actually received as a direct result of the contractor’s work. If a credit memo is recovered, the fee will not be paid until the credit is actually taken by the State. Horn will not receive any data that is less than six weeks old to allow the agency a period of time to correct the error.

Horn & Associates will also identify the top vendors by total purchases and, with approval, request a current statement from those vendors. They will be looking for credit items that have been open for a period of time. If any are found, the agency will be asked to confirm the information before the vendor is contacted for recovery. Again, Horn & Associates will handle collection of the credit item.

Agencies May Need to Provide Documents

The audit will cover part of FY 2004, all of FY 2003 and FY 2002 and, if successful, may become an annual event. If no overpayments are found, Horn & Associates will receive no compensation. They will maintain all information in strict confidence and will be responsible to pull supporting documentation for suspected claims that need visual confirmation. Agencies will need to provide the contractor’s staff access to these documents. The contractor will be sensitive to agencies’ relationships with vendors and will handle collections so as not to damage those relationships. Horn will provide recommendations for improvements to

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You Can Help Vendors Credit Your Payments Correctly

The State has had a continuing problem with vendors crediting payments for bills to the wrong account. One of the biggest problems we have faced recently is getting vendors to properly credit payments for cell phone bills.

For example, the Division of Finance has two cell phone providers—Nextel and T-Mobile. If they receive a payment from the State of Utah and are not able to identify the proper account, because our return address is on the warrant they credit the payment to the Division of Finance's account. It is possible that with other vendors unidentifiable payments are being posted to a suspense account or some other state account.

Include Invoice and Account Numbers

We have contacted the cell phone vendors, and they suggested that the best way to get payments credited to the correct account is to have the correct invoice number and correct account number appear on the check stub. To ensure that these numbers print on the check stub, please follow the procedures below:

- ✓ When entering a payment voucher (PV) in FINET, enter the vendor's invoice number in the 12-space *Invoice Number* field. (If, like T-Mobile, the bill does not give an invoice number, enter any information that relates to the bill, e.g., *March 2004*. You must enter something in the *Invoice* field or FINET will not process the PV.)
- ✓ If there is an account number, enter it in the 25-space *Description* field.
- ✓ If there is **not** an account number, you can enter in the *Description* field pertinent information that may help the vendor identify who the payment is for.

Any information entered in the *Invoice* and *Description* fields will print on the check stub, so be sure it is information that will be helpful to the vendor.

Try Single Check Flag

If you have had trouble with a specific vendor correctly crediting payments to your account, select the *Single Check Flag* on the PV so your payment will not be combined with others to that vendor. A separate check, along with the invoice number, account number, and pertinent data printed on the check stub may help the vendor correctly post the payment.

Reconcile Your Monthly Bills

Because crediting payments to the wrong account can be a problem with any vendor, not just cell phone vendors, it is imperative that you reconcile your bills each month. Verify that payments are properly credited to your account, and if payments are not reflected on the monthly statement, call the company to re-search the payment.

Reason for Payment

Additional information regarding the payment can be entered in the *Reason for Payment* field. Although it **does not** appear on the check stub, the *Reason for Payment* field provides you with 72 characters to identify the payment. The *Rea-*



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Deadlines for FY 05 Budgets, Chart of Accounts Setup

Listed below are selected agency deadlines for the setup of fiscal 2005 budgets and the new year chart of accounts. Please send the information requested to the State Finance employee indicated. See the calendars distributed at the March 25 Budget and Accounting Officers meeting for a complete list of setup dates. The handouts are posted on our Web site at www.finance.utah.gov/publications/bameetings.htm.



- April 6** Updated Org Table due to Gene Baird.
- April 6** SA-8S Org Security Request forms due to Rick Beckstead. Security will be updated on FINET by April 21.
- April 7** Completed Appropriation Budgets for FY 05 due to Gene Baird.
- April 9** Contact Marcie Handy for any changes to FINET tables (for Fund, Agency, Expenditure Object, or Balance Sheet). For changes to tables for Revenue Source, contact Gary Morris.
- April 15** Revenue and Expense Budgets due to Gene Baird.
- April 23** Review Expense Budgets and make any needed changes on-line with EB documents. **Do not** make changes to Revenue Budgets unless directed by Finance, or until after the original budget flag has been set.
- May 3** Last day to update Activity, Reporting Category, Project/Job, Federal Aid Inference (FAIT) tables in FINET.
*Note: You may begin updating the tables for **existing orgs** on April 9. However, you will not be able to update these tables for **new orgs** until security is updated on April 21.*

The original budget flag will be set in June. After it is set, any budget changes will show on budget tables in the *Modified Budget Amount*. State Finance will notify agencies through the FINET list server when the budget flag has been set.

If you have questions about the deadlines, contact Marcie Handy at 801-537-9081 or mhandy@utah.gov. ❖

Help Vendors Credit Payments (article continues from page 2)

son for Payment field **is not** a replacement for the *Description* field but will be useful in Finance's new eVendor application.

In the near future the Division of Finance will be implementing the new application called eVendor. This new application will allow both vendors who receive payments from the State and state employees who receive reimbursements to research payments via the Web. This application will provide vendors and employees with detailed payment information, including data entered into the payment *Description* and the *Reason for Payment* fields.

If you have questions about correctly paying vendors, contact Kathi Galusha at 801-538-3110 or kgalusha@utah.gov. ❖

Legislation Affects State Agencies and Employees

The 2004 Legislature provided a fiscal year 2005 budget increase of 6.5% on average statewide. Among the highest priorities were health, human services, and education programs. The budget includes a 12% increase for social programs like Medicaid, a 6.5% increase for public education, and a 5.2% increase for higher education. Legislators reduced Utah's structural deficit by \$4 million (10%) and deposited approximately \$12 million into the Rainy Day fund. In addition, legislators funded \$130 million for buildings and facilities, and \$50 million for new and improved roads.



In addition to these appropriations, the Legislature also implemented the following changes that may be of interest to agencies:

- Implemented several oversight bills, including one requiring approval of federal grants before agencies are able to accept the grant money, and another requiring legislative approval before selling or buying land;
- Changed the appropriation limitation;
- Authorized \$50 million in bonds to begin the Capitol renovation;
- Required the Division of Finance to disclose annually to all state employees the costs of benefits that are paid by the State on the employees' behalf;
- Created 8 new Restricted funds and 3 new Special Revenue funds;
- Limited the conditions under which agencies may collect personally identifiable information from users of the agency Web sites;
- Required Internal Service Funds to conduct a market analysis of fees;
- Required state agencies that offer direct assistance to the business community to participate in a one-stop state Web site;
- Changed the percentage of tobacco revenue deposited into the Tobacco Settlement Restricted Account;
- Enacted a new governmental immunity act; and
- Allowed the sponsor of a bill to disagree with the bill's fiscal note and to provide evidence, data, or other pertinent information to support a revised fiscal note.

In employee-related action, the Legislature clarified the statute regarding the use of sick leave upon retirement; allowed employees under the contributory retirement plan to purchase up to five years of service credit if they retire immediately after the purchase; appropriated a 1% COLA, effective the pay period beginning June 19 (pay date is July 16); appropriated one-time funds to be distributed as a one-time bonus in December; funded the increases in the employees' contributions for the Retirement System; and funded a 5.49% increase in health and dental insurance premiums.

You can access enrolled copies of final legislation on the Legislature's Web site at www.leg.state.ut.us. ❖

Travelers Must Qualify for Premium City Meal Reimbursement

In answer to recent questions about the meal reimbursement for premium cities, we would like to clarify the policy. To qualify for premium rates for a given day, the traveler must be **entitled to all meals for that day**.

That means that if, for example, breakfast is included in the conference fee for a particular day, the traveler is not entitled to the premium rate for that day. He should receive reimbursement for that day's lunch and dinner at the regular out-of-state per diem rates. However, if there is a day during that same trip when no meals are provided at the conference and the traveler is otherwise entitled to all meals for that day, the traveler is entitled to use the premium city reimbursement rate for that day. He should submit original receipts and will be reimbursed actual cost up to \$50.



If you have questions about the reimbursement for premium city meals, contact Kathi Galusha at 801-538-3110 or kgalusha@utah.gov. ❖

Frequently Asked Question from FINET Help Desk

Q I have a question on using vendor codes for contracts. We look information up on the Purchasing Web site to find the vendors, but it seems that sometimes what is on their site is not what is on FINET. What vendor code should we use? Also, sometimes the remittance address and vendor code to be used on the PV are different than was used on the PG.



A The information you find for contracts on the Purchasing Web site is only a guide. What is entered in FINET on the Price Agreement Vendor Commodity Table (PAVC) is what you have to use on the PG and PV.

If you have a question about what vendor to use for a contract, you can look it up on the PAVC Table. Open PAVC, enter the contract number, and press *F4*. That will bring up the name of the vendor that will need to be used on the PG, as well as the first commodity code that is valid for that contract.

If you have a remittance address that is different from what was used on the PG, there is some flexibility to accommodate that. The PV may have a different alternate address indicator than the PG, but the rest of the characters must be the same. This makes it possible to order from one address and remit to a different address. (The alternate address indicator is the alpha character that comes after the main part of the vendor number.) ❖

Recovery Audit (article continues from page 1)

the State's accounts payable process and will provide information on best practices in the industry.

Hopefully this high tech audit will permit the recovery of overpayments and also provide valuable feedback to improve our accounts payable system and ultimately better protect state assets. If you have any questions, contact Carol Young at 801-538-3100 or cyoung@utah.gov. ❖

FINET Schedule

April 2 FINET open; March monthend

Payroll Training

Computer-based training on the Payroll System is available on the Finance Web site at www.finance.utah.gov/training/courses.htm.



Data Warehouse Training

April 13 Data Warehouse – Payroll; 10 – 11:30 a.m.

April 13 Data Warehouse – FINET; 1:30 – 3 p.m.

FINET Classroom Training

April 20 Purchasing Lab; 8:30 – 11:30 a.m.

April 20 Disbursing Lab; 1 – 4 p.m.

April 21 Fixed Assets Lab; 8:30 – 11:30 a.m.

April 21 Internal Transactions Lab; 1 – 4 p.m.



FINET Computer-Based Training

The following computer-based training teaches basic FINET skills and basic procedures associated with each functional area:

On-line Courses: FINET System Navigation, FINET Overview, Employee Reimbursements, Purchasing and Disbursing, Cost Accounting, Revenues and Receivables, Internal Transactions, and Fixed Assets

CD-ROM Courses: On-line Inquiry, Grant Accounting, Budget Control, and FINET Inventory (contact the FINET Help Desk to obtain access to the CD-ROM courses)

FINET Help Desk: Call 801-538-9690 to resolve immediate questions

Reservations



To reserve your spot in any class offered this month or to add your name to our waiting list for classes not offered this month, call 801-538-3082. We will notify you when the class is scheduled. If you make reservations and cannot attend, please notify us as soon as possible so we can make your spot available to someone else.

Persons with disabilities requiring accommodation should call 801-538-3082 a week before the class to request reasonable accommodation.

Read descriptions of all our courses at: www.finance.utah.gov/training/courses.htm